

INITIATIVE PETITION

To the Honorable Olene S. Walker, Lieutenant Governor:

We, the undersigned citizens and registered voters of the State of Utah, respectfully demand that the following law, to be entitled “**QUALITY GROWTH SALES TAX REVENUE BONDING**,” be submitted to the legal voters of Utah for their approval or rejection at the regular general election to be held on November 2, 2004. Each signer says: “I have personally signed this petition; I am registered to vote in Utah or intend to become registered to vote in Utah before the certification of the petition names by the county clerk; and my residence and post office address are written correctly after my name.”

QUALITY GROWTH SALES TAX REVENUE BONDING

Chapter 12. Quality Growth Sales Tax Revenue Bonding

PART 1: GENERAL PROVISIONS

63B-12-101. Definitions.

- (1) “Act” means the Quality Growth Act, Title 11, Chapter 38.
- (2) “Bonds” means the bonds issued pursuant to Section 63B-12-202.
- (3) “Fund” means the LeRay McAllister Critical Land Conservation Fund established in Section 11-38-301.
- (4) “Quality Growth Commission” means the quality growth commission established in Section 11-38-201.
- (5) “Sinking fund” means the Quality Growth Sales Tax Revenue Bonding Sinking Fund established under Section 63B-12-206.

PART 2: QUALITY GROWTH SALES TAX REVENUE BONDS

63B-12-201. Purpose.

It is the purpose of this chapter to authorize the state bonding commission to issue sales tax revenue bonds for the purpose of providing an additional source of revenue for the fund and financing transactional and other costs associated with or related to the purposes set forth in this Section.

63B-12-202. State bonding commission authorized to issue sales tax revenue bonds.

In order to finance the purposes described in Section 63B-12-201, the state bonding commission shall issue and sell sales tax revenue bonds of the state, pledging all of the sales and use tax revenues of the state for the payment of the principal of and interest on the bonds. The bonds will not be payable from or secured by the ad valorem taxing power of the state or otherwise be general obligations of the state, but shall be payable solely from the sales and use tax revenues of the state.

63B-12-203. Maximum Amount -- Use of Proceeds -- Deposits -- Investment -- Disposition of investment income and unexpended proceeds.

- (1) The total amount of bonds to be issued under this chapter may not exceed \$150,000,000.
- (2) Proceeds from the issuance and sale of the bonds shall be deposited into the fund in one or more accounts as determined by resolution of the state bonding commission, for use by the quality growth commission in conformance with the provisions of the Act.
- (3) The state bonding commission by resolution may provide for the deposit of these monies with and the administration, disposition, or investment of these monies by a trustee.

- (4) After completion of the purposes and payment of the costs as set forth in Section 63B-12-201 and in Subsection (2), any unexpended bond proceeds shall be deposited into the sinking fund unless otherwise provided by resolution of the state bonding commission.

63B-12-204. Manner of issuance -- Amounts, interest and maturity.

- (1) Bonds issued under this chapter may be authorized, sold and issued in a manner determined by the state bonding commission by resolution, including, but not limited to, the manner of execution of the bonds (including facsimile signature), redemption price and other provisions and bond details the state bonding commission deems important.
- (2) Bonds may be issued in one or more series, shall bear dates, interest rates, including a variable rate or rates, and maturity dates as the state bonding commission determines by resolution; but in no event shall the bonds mature later than 13 years after the date of issuance thereof.

(3) The state bonding commission may, by resolution or otherwise, make covenants restricting the issuance of additional indebtedness, bonds or notes of the state secured by a pledge of sales tax revenues of the state.

63B-12-205. Levy of Sales Tax; Pledge of state sales tax revenue.

(1) Each year after the issuance of the bonds and until all outstanding bonds, or any bonds issued to refund such bonds, are retired, there is levied a state-wide sales and use tax of .05% in addition to the sales and use taxes authorized and levied by the state under Title 59, Chapter 12, Sales and Use Tax Act.

(2) The sales and use tax provided for in Subsection (1) shall be levied, administered and collected as provided in Title 59, Chapter 12, Sales and Use Tax Act, and the revenues collected from such sales tax shall be applied as provided in this chapter.

(3) The bonds shall be secured by an irrevocable first charge and lien, but not necessarily an exclusive first charge and lien, on the sales and use tax revenues collected by the state. It is intended that the payment of the principal of, interest on and redemption premiums, if any, due on outstanding bonds be made first from the sales and use taxes specified in Subsection (1), and, to the extent necessary, that any shortfall in such payment be made from all other sales and use tax revenues of the state.

(4) The state pledges to and agrees with the holders of any bonds issued by the state bonding commission to which the proceeds of the sales tax revenues of the state are devoted or pledged, that the state will not alter, impair, or limit the sales tax revenues of the state in a manner that reduces the amount of sales tax revenues to be collected by the state, which sales tax revenues are pledged or devoted as security for the bonds, until the bonds, notes or other securities secured by such sales tax revenues, together with applicable interest, are fully redeemed and discharged.

(a) Nothing in this Subsection (4) precludes alteration, impairment or limitation of sales tax revenues of the state or elimination of certain transactions from being subject to the imposition of sales taxes, so long as the adjusted historical sales tax revenues are in excess of the amount required by the resolution of the state bonding commission authorizing the bonds for the issuance of additional parity debt. For purposes of this Subsection, "adjusted historical sales tax revenues" shall be calculated as the total sales tax revenues of the state collected for the immediately preceding fiscal year, less the sales tax revenues resulting from the transactions proposed for elimination or after applying the proposed sales tax rate reduction, as applicable.

(b) The state and the state bonding commission may include the pledge of sales tax revenues set forth in this Section in any offering material used by the state in connection with the marketing of the bonds.

(5) At such time as all bonds issued pursuant to this chapter have been retired and the debt service obligation related thereto has been satisfied or otherwise discharged, the sales and use tax levied under Subsection (1) shall terminate.

63B-12-206. Creation of a sinking fund -- Maintenance of bond accounts.

(1) There is hereby created a sinking fund to be administered by the state treasurer entitled the "Quality Growth Sales Tax Revenue Bond Sinking Fund."

(2) All sales and use tax revenues resulting from the imposition of the sales and use tax provided in Section 63B-12-205(1) shall be deposited in the sinking fund. To the extent necessary to pay debt service on the bonds, all other sales and use tax revenues of the state shall also be deposited in the sinking fund. Amounts on deposit in the sinking fund shall be used to pay the debt service on the bonds and to redeem the bonds prior to maturity, and otherwise shall be used as provided by resolution of the state bonding commission.

(3) The state treasurer and the state bonding commission may create separate accounts within the sinking fund for each series of bonds issued.

(4) The state treasurer shall, unless otherwise provided by resolution by the State Bonding Commission, administer and maintain one or more bond funds as established and determined by resolution by the state bonding commission.

63B-12-207. Payment of principal of and interest on and redemption premiums of the bonds.

(1) The Division of Finance shall draw warrants on the state treasury before any interest, principal, or redemption premiums become due on the bonds.

(2) After receipt of the warrants, the state treasurer shall:

(a) promptly pay the warrants from monies within the sinking fund; and

(b) immediately transmit the amount paid to the paying agent for the bonds.

63B-12-208. Investment of sinking fund money -- Investment of bond proceeds.

(1) The state treasurer may invest any monies in the sinking fund in accordance with the resolution of the state bonding commission and in accordance with Title 51, Chapter 7, State Money Management Act, until such monies in the sinking fund are needed to pay debt service on the bonds.

(2) The quality growth commission may deposit monies in the fund with the state treasurer, who may invest the same in accordance with Title 51, Chapter 7, State Money Management Act, until such monies in the fund are needed to pay the costs authorized in Section 63B-12-201, at which time sufficient monies shall be deposited by the state treasurer into the fund.

(3) Unless otherwise provided in the resolution of the state bonding commission authorizing the bonds, the state treasurer shall retain and deposit

(a) in the sinking fund, all income from the investment of sinking fund monies and use such income for payment of the debt service on the bonds; and

(b) in the fund, all income from the investment of bond proceeds.

63B-12-209. Refunding of bonds.

(1) The state bonding commission may provide for the refunding of any of the bonds issued under this chapter in accordance with Title 11, Chapter 27, Utah

Refunding Bond Act.

(2) For purposes of Title 11, Chapter 27, Utah Refunding Bond Act, the state is considered the public body and the state bonding commission its governing body.

63B-12-210. Tax exemption.

The bonds issued under this chapter, any interest paid on the bonds, and any income from the bonds are not taxable in this state for any purpose, except for the corporate franchise tax.

63B-12-211. Legal investment status.

Bonds issued under this chapter are legal investments for all state trust funds, insurance companies, banks and trust companies, and may be used as collateral to secure legal obligations.

63B-12-212. Publication of resolution or notice -- Limitation on actions to contest legality.

(1) The state bonding commission may publish any resolution it adopts under this chapter once in a newspaper having general circulation in Utah; or in lieu of publishing the entire resolution, publish a notice of bonds to be issued, titled as such, containing the information required in Subsection 11-14-21(3).

(2)(a) Any interested person, for 30 days after the date of publication, may contest:

- (i) the legality of the resolution;
- (ii) any of the bonds authorized under it; or
- (iii) any of the provisions made for the security and repayment of the bonds.

(3) After 30 days, a person may not contest the legality of the resolution, any of the bonds authorized under it, or any of the provisions made for the security and repayment of the bonds for any cause.

63B-12-213. Report to the Legislature.

The governor shall report the state bonding commission's proceedings in the governor's budget to each annual general session of the Legislature for as long as bonds issued under this chapter remain outstanding.

AMENDMENT TO SECTION 11-38-301

11-38-301. LeRay McAllister Critical Land Conservation Fund.

(1) There is created a restricted special revenue fund entitled the "LeRay McAllister Critical Land Conservation Fund," consisting of :

- (a) money appropriated or otherwise made available by the Legislature;
- (b) contributions of money, property, or equipment from federal agencies, political subdivisions of the state, persons, or corporations;
- (c) proceeds that a department chooses to place into the fund from the sale of surplus land under Subsection (2);
- (d) funds from the State Building Energy Efficiency Program; and
- (e) proceeds from the issuance and sale of the Quality Growth Sales Tax Revenue Bonds issued pursuant to Section 63B-12-202.

(2) The Department of Administrative Services, the Department of Agriculture and Food, the Department of Natural Resources, and the Department of Transportation may place proceeds from the sale of surplus land into the fund.

(3) The total amount of money in the fund may not exceed ~~\$6,000,000~~ \$156,000,000.

I, Olene S. Walker, Lieutenant Governor of the State of Utah, hereby certify that the initiative entitled "**QUALITY GROWTH SALES TAX REVENUE BONDING**" contained in this petition section is a full, true and correct copy of that initiative as proposed by the sponsors for referral to the people of the State of Utah for their approval as law, or rejection.

Dated this 2nd day of May, 2003



Olene S. Walker
Lieutenant Governor



State of Utah, County of _____

I, _____, of _____ County, hereby state that:

- I am a resident of Utah and am at least 18 years old;
- All the names that appear in this packet were signed by person who professed to be the persons whose names appear in it, and each of them signed his name on it in my presence;
- I believe that each has printed and signed his name and written his residence address correctly, and that each signer is registered to vote in Utah or intends to become registered to vote before the certification of the petition names by the county clerk.

Signature

Address

Date

WARNING: It is a class A misdemeanor for anyone to sign any initiative or referendum petition with any other name than his or her own, or knowingly sign their name more than once for the same measure, or to sign an initiative or referendum petition when he or she knows that they are not a registered voter and knows that they do not intend to become registered to vote before the certification of the petition names by the county clerk.

STREET ADDRESS, CITY, STATE, ZIP CODE

[illegible]